

GENERAL SERVICES ADMINISTRATION OFFICE OF INSPECTOR GENERAL

**Recovery Act Report –
Audit of Small Project American Recovery and
Reinvestment Act of 2009 Funding Used for Move Costs
Audit Number A110215/P/R/R12002**

February 17, 2012





Date: February 17, 2012

Reply to: Marisa A. Roinestad
Attn of: Audit Manager
Real Property Audit Office (JA-R)

Subject: Recovery Act Report – Audit of Small Project American Recovery and Reinvestment Act of 2009 Funding Used for Move Costs
Audit Number A110215/P/R/R12002

To: Robert A. Peck
Commissioner, Public Buildings Service (P)

During our oversight of the GSA's American Recovery and Reinvestment Act (Recovery Act) projects, we found GSA has not reported that funds allocated for Small projects were used for move costs related to Full and Partial Building Modernization (Building Modernization) and Limited Scope projects. To ensure transparency, GSA should post this information for public review.

Use of Small Projects Funds for Move Costs is Not Transparent

Under the Recovery Act, Congress appropriated \$4.5 billion to convert GSA facilities to High-Performance Green Buildings (HPGB), as defined in the Energy Independence and Security Act of 2007.¹ The Recovery Act required GSA to submit a project plan for the use of these funds to Congress within 45 days and notify Congress 15 days prior to any changes in the plan. The Office of Management and Budget (OMB) issued guidance to facilitate the accountability and transparency objectives of the Recovery Act. The guidance states that recipients and uses of all funds are to be transparent to the public. The public benefits derived from the use of Recovery Act funds are to be reported clearly, accurately, and timely.

In implementing the Recovery Act, GSA apportioned the funds for HPGB projects into three categories: Building Modernization projects, Limited Scope projects, and Small projects.² The original project plan, or Spend Plan, sent to Congress reserved

¹ Title IV, Section 401 (13) of Public Law 110—140 lists the criteria for a HPGB.

² In addition to the funding for projects, the Recovery Act specifically designated up to \$127 million of HPGB funds for building operations, \$108 million for rental of space, \$4 million for the Office of Federal High-Performance Green Buildings, and \$3 million for apprenticeship training programs.

\$298,576,000 for HPGB Small projects. In Revised Spend Plan #8, dated September 6, 2011, this amount was reduced to \$199,309,000.³

While GSA's Spend Plan specifically identifies the selection criteria⁴ for the use of Building Modernization and Limited Scope funds and lists these projects, it reports Small project funding only as a lump sum, does not provide the criteria as to how the funds will be used, and does not list the Small projects. Based on the criteria for the Building Modernization and Limited Scope projects, it could be expected that Small project funds would be used on smaller scope projects featuring energy conservation and renewable energy generation.

However, of the \$199,309,000 reserved for Small projects, GSA obligated \$58,562,264⁵ (nearly 30 percent) for move costs to support 26 Building Modernization and Limited Scope projects (see **Appendix C**). These projects averaged \$2,252,395 in move costs with the largest obligations being the Whipple Federal Building Modernization in Fort Snelling, Minnesota (\$12,058,936) and the 1800 F Street Building Modernization in Washington, District of Columbia (\$13,122,453). On the 1800 F Street Building project, the move costs included appliances, audio-visual package, Sensitive Compartmented Information Facility revisions, server relocation, furniture, printers, surge support, Voice over IP conference phones, furniture relocation, and the mover's contract.

Neither the Spend Plan nor any of GSA's Recovery Act reporting identifies how the funds are being used. In weekly reports submitted to OMB, GSA reports the total amount of obligations for all Small projects and the amount of obligations by category of work such as Repairs, Construction and Energy, but does not identify the move costs specifically. Further, in the Federal Procurement Data System - Next Generation, GSA reports move-related contract actions, but does not specify that Small project funds are being used.⁶

Conclusion

To ensure the transparency goal of the Recovery Act, GSA needs to clearly report how Small project funding is being used. GSA should provide a list of the HPGB Small projects it is performing and should denote that Small project funds are being used to support the move costs of the HPGB Building Modernization and Limited Scope

³ This decrease was not caused by the amount of Small project funding obligated for move costs in support of Building Modernization and Limited Scope projects.

⁴ The selection criteria used, in descending order of weight: a) High-performance features concentrating on energy conservation and renewable energy generation, b) Speed of construction start (creating jobs), with an emphasis on those projects that could begin within 120 days, and c) Execution Risk (ensuring that the projects will not fail due to unforeseen conditions).

⁵ \$58,562,264 in obligations is as of September 9, 2011.

⁶ Federal Procurement Data System - Next Generation includes 7,594 PBS Recovery Act procurement actions from October 1, 2008, through September 19, 2011.

projects. In doing so, GSA can provide a clear and transparent view of how the Small project funds are being used and of the total HPGB funds being used on the Building Modernization and Limited Scope projects.

Recommendations

We recommend that GSA improve transparency by:

1. Providing supplemental reporting that lists the amount of funds obligated by project under the Small project category. The list should: identify move costs as well as other uses of funds, be updated periodically for changes, and be posted publically on www.gsa.gov and submitted to www.recovery.gov.

Management Comments

In its comments, management acknowledged the audit finding and concurred with the recommendation (see **Appendix A**).

We appreciate the support that has been provided throughout this audit. If you have any questions about this report, please contact me at (202) 219-0088.

Sincerely,



Marisa A. Roinestad
Audit Manager
Real Property Audit Office (JA-R)

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Management Comments



GSA Public Buildings Service

FEB 13 2012

MEMORANDUM FOR NICHOLAS GOCO
DEPUTY ASSISTANT INSPECTOR GENERAL FOR REAL
PROPERTY (JA-R)

FROM: ROBERT A PECK 
COMMISSIONER (P)
PUBLIC BUILDINGS SERVICE

SUBJECT: Recovery Act Report – Audit of Small Project American
Recovery and Reinvestment Act of 2009 Funding Used for
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PBS appreciates the opportunity to comment on the subject draft audit report. A part of PBS's High-Performance Green Building (HPGB) Program, Recovery Act funding was apportioned for move costs for building modernization and limited scope projects.

The draft report contains the following recommendation:

Provide supplemental reporting that lists the amount of funds obligated by project under the Small project category. The list should: identify move costs as well as other uses of funds, be updated periodically for changes, and be posted publicly on www.gsa.gov and www.recovery.gov.

In response to the recommendation, the Office of Design and Construction will post this supplemental report to both www.gsa.gov and www.recovery.gov. Please note that a more comprehensive response may follow upon issuance of the final audit report or as further information comes to our attention. Should you or your staff have questions, please contact Matt Radford at (202) 219-0906.

U.S. General Services Administration
1400 F Street, NW
Washington, DC 20405-3002
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Background, Objective, Scope, Methodology, and Internal Controls

Background

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided GSA with \$5.55 billion for its Federal Buildings Fund. In accordance with the Recovery Act, the GSA Public Buildings Service (PBS) is to use these funds to convert federal buildings into High-Performance Green Buildings (HPGB) as well as to construct federal buildings, courthouses, and land ports of entry. The Recovery Act mandated that \$5 billion of the funds be obligated by September 30, 2010, and that the remaining funds be obligated by September 30, 2011.

To convert federal buildings into HGPB, tenant agencies may need to relocate during construction. On a typical, non-Recovery Act construction project, customers fund the costs to move into and out of temporary “swing space” during building modernization projects. The need to fund move costs is usually discussed with customer agencies in the early planning stages of a project so that the funding can be incorporated into the budget process. However, the timeframes associated with the Recovery Act did not allow for this.

GSA’s Recovery Act implementation document entitled “Financial Guidance Document,” dated June 2009, provides that forced move costs for Recovery Act projects be included as a project cost. It states that the use of Building Modernization and Limited Scope project funding is directly tied to the approved Spend Plan. Small project funding is tied to the approved internal project lists issued by the PBS Office of Portfolio Management and the PBS Program Management Office. In addition, according to the “Revised Pricing for Recovery Act Projects Internal Guidance for GSA,” GSA (as the agency forcing the tenant’s move) can use Recovery Act funding for move costs in fiscal years 2010 and 2011. Move costs that GSA is responsible for include the physical move, move coordination, new furniture,⁷ and relocation and installation of telecommunications and automated data processing equipment.

The GSA Office of Inspector General is conducting oversight of the projects funded by the Recovery Act. This audit of move cost funding falls under the GSA Office of Inspector General Recovery Act oversight.

⁷ According to the “Revised Pricing for Recovery Act Projects Internal Guidance for GSA,” dated November 10, 2009, GSA may fund new furniture for swing space if it is demonstrated that it is more cost effective to provide new furniture as opposed to reusing the existing furniture. Per the guidance, “A cost benefit analysis and business case must be developed and approved by the Regional Recovery Executive (RRE) and the Program Management Office.”

Objective

The objective of our audit was to determine if GSA is transparent in its use of HPGB Small project Recovery Act funding for the move costs of HPGB Full and Partial Building Modernization and Limited Scope projects.

Scope

We performed the fieldwork for this report from September to October 2011. The fieldwork analyzed the use and reporting of Small project funds obligated as of September 9, 2011.

Methodology

To accomplish the objective, we reviewed PBS obligation spreadsheets, Spend Plans, and other pertinent project documents; communicated with PBS policy and project staff; and reviewed applicable guidance and regulations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

The focus of the audit is to determine if GSA is complying with the Recovery Act transparency objective. We evaluated internal controls over Recovery Act reporting to the extent necessary to answer the audit objective. Related internal control issues are discussed in the context of the audit finding.

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Move Costs by Recovery Act Project

Small Project-Funded Move Pool Costs as of 9/9/11

Project Name	Obligations	Outlays
CO, Denver Custom House Federal Building-Courthouse	\$ 1,420,896	\$ 391,863
CO, Grand Junction Federal Building-Courthouse	\$ 81,245	\$ 81,245
DC, Washington 1800 F Street Building	\$ 13,122,452	\$ 12,926,397
FL, Orlando, Young U.S. Courthouse	\$ 12,438	\$ 12,438
HI, Honolulu Prince Kuhio Kanaianaole Federal Building-Courthouse	\$ 2,040,233	\$ 1,389,897
IA, Des Moines Neal Smith Federal Building	\$ 54,347	\$ 25,203
IL, Chicago Federal Center	\$ 260,921	\$ 16,941
IL, Chicago Kluczynski Federal Building & U.S. Postal Service Loop Station	\$ 5,372,185	\$ 1,895,394
IL, Chicago, 10 West Jackson Blvd.	\$ 605,000	\$ 169,275
IN, Indianapolis, Birch Bayh U.S. Courthouse	\$ 368,398	\$ 284,088
MA, Boston O'Neill Federal Building	\$ 294,107	\$ 167,514
MI, Detroit McNamara Federal Building	\$ 1,903,163	\$ 558,802
MI, Sault Ste Marie US Border Station	\$ 166,000	\$ 164,474
MN, Fort Snelling Whipple Federal Building	\$ 12,058,936	\$ 3,484,133
MO, Kansas City Richard Bolling	\$ 74,999	\$ 32,218
MS, Jackson McCoy Federal Building	\$ 3,693,115	\$ 793,156
NJ, Newark, Peter Rodino Federal Building	\$ 690,068	\$ 662,445
OH, Cincinnati, John W. Peck Federal Building	\$ 431,246	\$ 0
OH, Cleveland, A. J. Celebrezze Federal Building	\$ 2,235,395	\$ 0
OR, Portland Edith Green-Wyndell Wyatt Federal Building	\$ 5,852,975	\$ 5,838,204
PR, San Juan Degatau & Courthouse	\$ 2,602,130	\$ 2,319,006
TX, Houston G.T. Leland Federal Building	\$ 200,000	\$ 0
VA, Roanoke, Poff Federal Building	\$ 3,650,631	\$ 1,071,964
WA, Spokane Foley U.S. Courthouse	\$ 775,920	\$ 775,920
WI, Milwaukee Federal Building & US Courthouse	\$ 59,388	\$ 59,388
WV, Huntington Federal Building	\$ 536,068	\$ 35,832
TOTAL	\$ 58,562,264	\$ 33,155,805

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Report Distribution

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